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RUEHWN/AMEMBASSY BRIDGETOWN PRIORITY 2145
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RUEHGE/AMEMBASSY GEORGETOWN PRIORITY 1059
RUEHKG/AMEMBASSY KINGSTON PRIORITY 2841
RUEHPO/AMEMBASSY PARAMARIBO PRIORITY 1186
RUEHPU/AMEMBASSY PORT AU PRINCE PRIORITY 4777
RUEHSP/AMEMBASSY PORT OF SPAIN PRIORITY 1887
RUEHUB/USINT HAVANA PRIORITY 0165
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TAGS: [PGOV](#) [ECON](#) [DR](#)
SUBJECT: FERNANDEZ MAKES HIS CASE TO THE DOMINICAN PEOPLE

REF: A. 07 SD 0233 (VARGAS WINS NOMINATION)

- [1](#)B. 07 SD 0329 (VARGAS' POLITICAL DIRECTOR)
- [1](#)C. 07 SD 0347 (PRESIDENTIAL PRIMARIES)
- [1](#)D. 07 SD 0348 (VARGAS FOREIGN POLICY)
- [1](#)E. 07 SD 0590 (FERNANDEZ TO RUN)
- [1](#)F. 07 SD 0685 (FERNANDEZ DEFENDS RE-ELECTION)
- [1](#)G. 07 SD 0846 (PLD DIVIDED)
- [1](#)H. 07 SD 1017 (VARGAS WITH DIPLOMATIC CORPS)
- [1](#)I. 07 SD 1078 (FERNANDEZ WINS PRIMARY)
- [1](#)J. 07 SD 1501 (ARISTY WINS PRIMARY)
- [1](#)K. 07 SD 1691 (CAMPAIGN TEAMS)
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- [1](#)Q. SD 0090 (VIEW FROM SANTIAGO)
- [1](#)R. SD 0124 (VARGAS WITH AMBASSADOR)

Summary

[1](#)1. (SBU) On January 29, President Fernandez gave a major campaign speech in which he took credit for reestablishing macroeconomic stability, warned against returning the rival PRD party to power during challenging economic times, and promised a series of programs for his next term. While engaging in some negative themes, most of Fernandez's speech was focused on specific policy issues. This was a welcome change to a campaign marked by personal attacks, even if we doubt the government's ability to fund all of its promised programs.

Mission Accomplished

[1](#)2. (U) The official occasion for Fernandez's speech was his acceptance of the PLD party's nomination for the presidency; however, since he won the primary nine months ago, the event served as a de facto campaign launch. After warm-up speakers and merengue bands had fired up the faithful bedecked in the PLD's trademark purple, Fernandez took the stage and reminded the audience of the situation he inherited upon taking office

in 2004. He described the 2003-04 economic crisis as one of the "most acute and traumatic" in the country's history. He said that administration had sought to immediately reestablish stability, growth, and investor confidence, and that, "Almost four years later we can say with pride to the Dominican people: Mission accomplished."

¶3. (U) Fernandez then sought to contrast his achievements with the record of his opponent, former Minister of Public Works Miguel Vargas Maldonado. The President listed a number of nearly completed infrastructure projects that were turned over to Vargas' ministry when the PLD left office in 2000, and said, "Do you know what (Vargas did with the projects)? He did nothing." Now the PRD is back, Fernandez said, but all they have to offer is "insults."

¶4. (U) Fernandez advised against the complacency that could result from the strong growth in recent years, saying that "new storms are on the horizon, this time caused by changes in the international arena." He listed as specific threats the high price of oil, housing loan defaults in the U.S., poor performance of the Dollar against the Euro, and an "imminent recession in the U.S. economy." Warning of a vote for the opposition on May 16, the President said that in times like these, "the people have never replaced sober and restrained leaders.... What the Dominican Republic needs (at this time) is to consolidate its accomplishments."

Promises, Promises

¶5. (U) For the first time in the presidential campaign, Fernandez outlined his plans in detail should he be reelected, including the following economic proposals:

- Implementation of a National Competitiveness Plan;
- Eliminating electrical blackouts by 2012 through the use of alternative energy and sectoral reforms;
- Creation of a national system of innovation and technological development;
- Development of textile and footwear clusters;
- Increased funding for small- and medium-sized enterprises;
- Promotion of agrobusiness;
- Diversifying the tourism sector and improving the quality of its products;
- Construction of 200,000 new homes; and
- Carrying out a long list of infrastructure projects, principally highways and bridges (note: the costly Santo Domingo subway project was only mentioned briefly).

¶6. (U) Addressing the issue of poverty, Fernandez argued that, to aid the poor, "it is not sufficient to have stability and economic growth." Putting special emphasis on education, the President said that, "It is a fundamental objective of the next PLD government to make Dominican education free and obligatory through grade 12. This has never been achieved in the history of our country." Fernandez also announced plans for improved technical institutes, additional funding for school meals, and scholarships for international undergraduate study (10,000) and PhD programs (2,000). In addition to improving education, the President pledged to fight poverty by:

- Doubling of recipients of the "Solidarity" food aid program from 300,000 to 600,000 households and increasing the monthly payment by 27 percent;
- Establishing a financial assistance program for mothers aged 13-18 who agree to stay in school; and
- Increasing funding to the so-called "People's Pharmacies."

¶7. (U) As for the opposition, Fernandez said "they don't discuss any of this.... The reason is clear -- they don't have a vision of the future. They don't have a national plan and only think about winning power and satisfying their personal aspirations."

Vargas Responds

¶8. (U) The immediate response of Vargas' communications director, Carlos Gabriel Garcia, was that Fernandez was simply reading a long list of promises that he has no intention of fulfilling. Garcia charged that in the national budget approved only weeks ago, social spending was actually reduced, and said that "what the people want are initiatives such as the increasing of government salaries and pensions.... The requests of youth and women haven't been heard by Leonel Fernandez, nor has (he responded to) the anguish of Dominican families (affected) by the uncontrolled increase in crime."

¶9. (SBU) Vargas defended his professional accomplishments, contrasting Fernandez's career as a professor, lawyer, and public servant with Vargas' 34 years as a businessman engaged in "productive activity generating and creating jobs." As for the PLD, Vargas continued, the voters should ignore promises and hold the ruling party to account for their record in office: "What he is asking for is four more years to continue violating the constitution, four more years to invest less in education, four more years to carry out projects like Sun Land." (Note: The Sun Land case concerns the PRD charge that Fernandez violated the constitution in seeking a US\$130 million loan for public works. The financial transaction was handled by The Sun Land Corporation, a U.S.-based intermediary whose structure and membership is opaque, but is rumored to be associated with the President. The PRD alleges that the loan did not have the required approval of Congress and that it is unclear where the borrowed funds were allocated. The IMF has also expressed concerns regarding the loan, which violated IMF regulations under the Stand-By-Arrangement.)

PLD Unity

¶10. (SBU) Prior to the January 29 campaign event, there had been much speculation over whether Danilo Medina would attend. A powerful PLD leader and Fernandez's former chief of staff, Medina had challenged the incumbent President in the party primary and complained bitterly when defeated that, "The state imposed itself." Medina did not attend; however, while his personal relationship with Fernandez remains in doubt, the negative impact on the party has been reduced significantly by his instruction to his followers to actively support the Fernandez campaign.

Comment

¶11. (SBU) Prior to this speech, Fernandez's campaign had been primarily negative and focused on blaming the PRD for the 2003-04 economic crisis. We welcome the introduction of specific policy proposals, even as we note that Fernandez's discussion of social programs was far more focused on making promises for the future than discussing past achievements. The considerable time the President devoted to education is noteworthy. The country has a poor record of achievement in that sector, and the very low amount of government resources dedicated to education is a significant barrier to potential Millennium Challenge funding. Whether Fernandez, if reelected, can achieve his lofty goals is an open question given his government's limited budgetary resources.

(U) This report and additional information can be found on Embassy Santo Domingo's SIPRNET site,
<http://www.state.sgov.gov/p/wha/santodomingo/>
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